

# Chairman's Statement

## Results

We are pleased to report that, for the year ended 31st December 2003, the Group achieved a turnover of approximately HK\$121.7 million, as compared to that of last year of approximately HK\$76.2 million. The net profit attributable to shareholders was approximately HK\$216.7 million as compared to that of last year of approximately HK\$11.7 million.

## Dividend

The Directors do not recommend the payment of any dividend for the year ended 31st December 2003.

## Business Review

The Group has been engaging in three main business segments, namely, (1) Design, distribution and trading of integrated circuit products and provision of related agency services (2) Investment property holding; and (3) Investment holding.

### **Design, distribution and trading of integrated circuit products and provision of related agency services**

With evident recovery of the semiconductor industry in the second half of the year under review, the performance of this business segment has a marked improvement. The turnover of this business segment was approximately HK\$117.4 million for the year under review, representing a 67% increase as compared to that of last year.

This business segment achieved an operating profit of approximately HK\$5.6 million for the year under review, as compared to an operating loss of approximately HK\$13.7 million last year.

During the year, we made a strategic step to acquire all minority equity interests in Shanghai SyncMOS Semiconductor Co. Limited ("SSSC"), the operating arm of the Group in the PRC. The acquisition was completed in December 2003.

### **Investment property holding**

During the year, the rental income generated from the investment property in Hong Kong was approximately HK\$4.3 million, as compared to approximately HK\$6.1 million last year. Profit from operations reduced to approximately HK\$2.5 million, as compared to approximately HK\$3.4 million last year. There was a drop in average occupancy of tenants during the year. The occupancy rate as at 31st December 2003 was approximately 55% (2002: approximately 74% ).

### **Investment holding**

The major other investment held by the Group is the shares in ChipMOS Technologies (Bermuda) Limited ("ChipMOS"), which is listed in NASDAQ. ChipMOS is a leading provider of semiconductor testing and assembly services to customers in Taiwan, Japan and the United States.

There was a sharp appreciation of the share value of ChipMOS for the year under review. As at 31st December 2003, the quoted market value of ChipMOS was approximately US\$9.4 per share ( 2002: approximately US\$2.5 per share). The sharp appreciation in share value resulted in a significant unrealised gain by the Group of approximately HK\$213 million due to mark-to-market valuation of the shares in ChipMOS as at 31st December 2003.

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## Future Plans and Prospects

The Group will continue to devote resources to development of its main business in design and trading of integrated circuit products.

The management expects that the PRC market will surely be the momentum of growth in the coming years for the semiconductor industry. In this regard, we have extended our investment in China by acquiring all minority equity interests of SSSC. We believe that such move will certainly improve the management decision process and facilitate in carrying out the Group's strategy so that we can better position ourselves to tap the growing PRC market. The Group will make good use of its technological expertise and connections in Taiwan to support SSSC in developing the PRC market.

We recognized that significant unrealized gain was obtained from the Group's other investment in shares in ChipMOS. No realization of the investment has yet been made, as, with the positive outlook of the semiconductor industry, further appreciation of the value of the investment could be expected. The management will monitor the investment closely in order to maximize our shareholders' return.

## Appreciation

I would like to take this opportunity to thank our employees for their efforts taken in the past year and our shareholders for the continued support to our Group.

By Order of the Board  
**Seto Yee Woon, John**  
*Chairman*

Hong Kong, 16th April 2004